

AMENDED IN ASSEMBLY FEBRUARY 16, 2016

AMENDED IN SENATE JANUARY 27, 2016

SENATE BILL

No. 380

Introduced by Senator Pavley
(Principal coauthors: Senators De León and Huff)
(Coauthors: Senators ~~Allen~~ Allen, Hertzberg, and Runner)
(Coauthor: Assembly Member Wilk)

February 24, 2015

An act to add Section 3217 to the Public Resources Code, and to add Section 713 to the Public Utilities Code, relating to natural gas, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 380, as amended, Pavley. Natural gas storage: moratorium.

(1) Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities related to oil and gas production within an oil and gas field, so as to prevent damage to life, health, property, and natural resources, as provided; to permit owners and operators of wells to utilize all known methods and practices to increase the ultimate recovery of hydrocarbons; and to perform the supervisor's duties in a manner that encourages the wise development of oil and gas resources to best meet oil and gas needs in this state. Under existing law, a person who fails to comply with certain requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require the supervisor to immediately institute a moratorium on injections of natural gas into any wells located within and serving the Aliso Canyon storage facility located in the County of Los Angeles until specified conditions are ~~met~~. *met, including that the integrity of each well has been quantitatively and objectively evaluated using state-of-the-art technology, as determined by the supervisor with input from independent experts, and the risks posed by well failure have been evaluated. The bill would require the division to hold at least one public meeting concerning the technical methods and equipment to be used to evaluate well integrity and the risks posed by well failure, request the independent experts to also develop objective criteria to assess the overall risk of the facility, and make that objective criteria available to the public.* The bill would also require the supervisor to prohibit the production of natural gas by any well originally drilled earlier than 1954 at the Aliso Canyon storage facility located in the County of Los Angeles until specified conditions are met, except as specified. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

(2) Under existing law, the Public Utilities Commission is authorized to supervise and regulate every public utility in the state.

This bill would require the commission to determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy reliability for the region, and to consult with specified entities in making its determination.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 3217 is added to the Public Resources
2 Code, to read:

1 3217. (a) The supervisor shall immediately institute a
2 moratorium on injections of natural gas into any wells located
3 within and serving the Aliso Canyon storage facility located in the
4 County of Los Angeles until all of the following conditions are
5 met:

6 (1) The integrity of each well has been quantitatively and
7 objectively evaluated using state-of-the-art ~~technology~~ *technology*,
8 *as determined by the supervisor with input from independent*
9 *experts*, and the risks posed by well failure have been evaluated.

10 (A) The age, history, and condition of each well shall be
11 specifically addressed, with particular emphasis on wells drilled
12 prior to 2006.

13 (B) The technical methods and equipment used to evaluate well
14 integrity and the risks posed by well failure shall be determined
15 by the supervisor with input from independent experts and the
16 ~~public through a public process.~~ *public.*

17 (C) *The division shall hold at least one public meeting*
18 *concerning the technical methods and equipment. The division*
19 *shall request the independent experts to also develop objective*
20 *criteria to assess the overall risk of the facility. The division shall*
21 *make the objective criteria available to the public.*

22 (2) Any well posing an enhanced risk of failure has been
23 repaired to mitigate the enhanced risk or plugged and abandoned.

24 (3) The supervisor determines that the overall risk from well
25 failure satisfies the supervisor's duty pursuant to Section 3106 to
26 prevent damage to life, health, property, and natural resources and
27 other requirements.

28 (4) The Public Utilities Commission and the State Energy
29 Resources Conservation and Development Commission concur
30 with the supervisor's determination in paragraph (3).

31 (b) The supervisor shall prohibit the production of natural gas
32 by any well originally drilled earlier than 1954 at the Aliso Canyon
33 storage facility located in the County of Los Angeles until after
34 the integrity of and the risks associated with any of these wells
35 have been evaluated and determinations by the supervisor, with
36 the concurrence of the commissions, have been made pursuant to
37 the process described in subdivision (a), except when necessary
38 to do either of the following:

1 (1) Respond to the uncontrolled leak of natural gas from the
2 “Standard Sesnon 25” well (American Petroleum Institute
3 identification number 03700776).

4 (2) Maintain regional energy reliability, at the written direction
5 of the commissions.

6 SEC. 2. Section 713 is added to the Public Utilities Code, to
7 read:

8 713. The commission shall determine the feasibility of
9 minimizing or eliminating use of the Aliso Canyon natural gas
10 storage facility located in the County of Los Angeles while still
11 maintaining energy reliability for the region. The commission shall
12 consult with the State Energy Resources Conservation and
13 Development Commission, the Independent System Operator, the
14 Division of Oil, Gas, and Geothermal Resources in the Department
15 of Conservation, and other relevant government entities, in making
16 its determination.

17 SEC. 3. No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 the only costs that may be incurred by a local agency or school
20 district will be incurred because this act creates a new crime or
21 infraction, eliminates a crime or infraction, or changes the penalty
22 for a crime or infraction, within the meaning of Section 17556 of
23 the Government Code, or changes the definition of a crime within
24 the meaning of Section 6 of Article XIII B of the California
25 Constitution.

26 SEC. 4. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety within
28 the meaning of Article IV of the Constitution and shall go into
29 immediate effect. The facts constituting the necessity are:

30 In order to mitigate, at the earliest possible time, ongoing harm
31 from the gas leak at the Aliso Canyon storage facility, and to
32 evaluate the integrity of and the risks associated with older wells
33 at that facility, it is necessary that this act take effect immediately.